

Review Meeting of UP Defence Corridor

Date: 17.04.19

10:00-10:20	Meeting with Chief Secretary / CEO, UPEIDA & ACS / Principal Secretary IIDD in Lok Bhawan
Interaction Session Venue: Hotel Hyatt , Lucknow Time: 10:00 hrs – 14:00 hrs	
10:00 – 10:15	Arrival of Members / Round of Introduction
10:15 – 10:40	Break
10:40-10:50	Presentation by Ecorys on behalf of UPEIDA by Mr. Ashish Kapoor of Ecorys
10:50- 11:10	Presentation / Address by IIT Kanpur / IIT BHU on Centre Of Excellence
11:10- 11:45	Session on MRO (Land & Aerospace) Speaker : Dr. Radhakrishnan , ex-DRDO Scientist Key Discussion points: 1. What are the MRO opportunities available within land systems? 2. What are the impediments in materialising an MRO opportunity? 3. What is the role of private sector in defence MRO? 4. What are the reforms and actions required to develop country as a MRO Hub? (short-term, medium-term and long-term) 5. Presentation by Lt Col Anuj Sharma on MRO for Heavy armoured vehicles
11:45-12:30	Session on R&D & Technology Speaker : Dr. K. Tamilmani , ex-DRDO Scientist Key Discussion points: 1. What are the Opportunities and challenges of UP state for defence supplies? 2. Presenting Technology roadmap for UP (1-5-10 years) 3. Validate EY's "Techology Hub" intervention to enhance R&D for futuristic technologies 4. Infrastructural requirements for development of R&D in the Corrido
12:30-12:50	MSMEs in UP corridor Chairperson : Mr. Sunil Valsh , President IIA Moderator : Shobhit Mathur Panel Members: Representative from IIA, NSIC, FICCI Key Discussion points: 1. What are the existing capabilities of MSMEs in UP in A&D Sector? 2. What are the major pain areas of MSMEs in A&D sector? (Procedural and Operational) 3. What is the support required from UP Government in terms of: a. Financing b. Infrastructure support c. Policy based support d. Handholding e. Ease of doing business
12:50-13:10	OEMs & Large Indian players in UP corridor Moderator : Col. KV Kuber Panel Members: Saab, MKU, Hanwha Techwin Key Discussion points: 1. What are the Infrastructural requirements of lead integrators from state govt? 2. What is the support required for 'skillsets' from the state govt? 3. What are the Incentives sought by the lead integrators (tax/ policy/ procedural) to set-up their plant in the Defence corridor?
13:10-13:20	Summarize key action points by Col. KV Kuber and Mr. Shobhit Mathur of Ernst & Young
13:20 – 13:25	Suggestions by FIM
13:25-14:00	Suggestion / discussions on UP Defence Policy to be chaired by Mr Awanish Kumar Awasthi, ACS and CEO UPEIDA
Lunch	

UP DEFENCE CORRIDOR ROLE AND PREPAREDNESS OF MSME'S

BY: Sunil Vaish, President IIA

INTRODUCTION :

India is the world's largest military hardware importer and among top five military spenders. To meet growing modernisation needs of Indian Armed Forces, the Ministry of Defence will need to acquire equipment worth over \$25,000 Crore by 2027. However, recent estimate shows that the current delivery capacity of the Defence industry sector in India is \$7,500-8,000 Crore annually. This means the ratio of indigenous to imported equipment is stagnating at 30:70. To achieve the aspirational target of manufacturing 70 per cent of Defence equipment indigenously, it is needed to incentivise private enterprise for development of large scale R&D and manufacturing capabilities. It is therefore necessary to increase the production level of defence manufacturing unit and establish new units for defence manufacturing to cater to the growing need of defence sector of India. We can also reverse the flow of trade: from being the largest importer of defence items to become the largest exporter of defence goods as well. So to provide the needed thrust to the Defence Manufacturing in India the Hon'ble Union Finance Minister Mr Arun Jaitley announced setting up of two Defence Industrial Corridors in the country through his budget speech on February 1st 2018. Thereafter, Hon'ble Prime Minister Mr Narendra Modi during U.P. Investors Summit 2018 held in Lucknow on 21st February announced setting up of Defence Industrial Corridor in Bundelkhand region of Uttar Pradesh. The second Defence Corridor is being set up between Chennai and Bengaluru. As per the announcement of Defence Production Corridor in U.P. (Bundelkhand) and Tamil Nadu (Chennai) and to support the Make in India campaign for defence manufacturing, it was proclaimed by the Government to provide the MSMEs all the needed support and assistance through different policies and incentives for active participation in Defence Production in India. Defence production is a high tech and precision manufacturing activity. Stringent quality standards are also required to be maintained. MSME's generally are not equipped to produce such products without handholding services from Industry Associations and the Government.

IIA's INITIATIVES ON PREPARING MSME'S FOR SETTING UP DEFENCE PRODUCTION UNITS IN U.P DEFENCE CORRIDOR'S

Keeping in view the needs of MSME's, Indian Industries Association (IIA) have decided to set up "**IIA Defence Production Facilitation Centre**" (**IDPFC**) at its Head-Office at IIA Bhavan in Vibhuti Khand, Gomti Nagar, Lucknow for providing all the necessary support and assistance to MSMEs for defence manufacturing. Apart from this IIA have signed an MOU with UPEIDA for supporting UPEIDA activities for setting up Defence Production Units in U.P defence Corridor.

IDPFC will provide the following services to MSMEs :

- Organise Defence-Industry meets, seminars and conferences for facilitation of MSMEs.

- Provide the information and data related with Defence Manufacturing in India to MSMEs.
- Help the MSMEs by providing them handholding support for starting their manufacturing unit in the U.P Defence Corridor as well as for vendor registration with Defence PSUs and Indian Defence Organisations.
- Work as a link between MSME, Defence Organisations /DPSU's, UPEIDA and Industrial Development Department U.P.
- Provide MSME all the necessary support for availing the incentives and subsidies announced by the Central and State Governments as and when required.
- Help in resolving MSME's issues & problems related to their Defence Production Units.
- Provide feedback on policy issues to Defence Ministry Govt. of India and to the Defence Department of State Government and to get the timely response from them.
- Organise exhibitions of defence products & supplies as well as items required by Defence establishments for import substitutions.
- To constitute an "IIA Defence Production Committee" & maintain a separate directory of Defence Production Industries so that they are able to establish business links for mutual benefits as well as discuss common issues and problems for taking up with the Government through IIA at appropriate level.

OPPORTUNITY FOR MSMEs :

The Defence Industrial Corridor proposed in the arid zone of Bundelkhand, would span several districts for backward linkage viz. Aligarh, Agra, Jhansi, Kanpur, Lucknow, and Chitrakoot. An investment of Rs. 20,000 Crores is likely to flow to the Corridor. Low cost of land and low wage rate with adequate supply of manpower will be an attraction of the UP Defence Industrial Corridor & it will serve as an engine for economic development and growth of regions of UP, especially Bundelkhand region. Bundelkhand will benefit from the six-lane highway which the Uttar Pradesh Government has proposed to build up from Chitrakoot to Jhansi and will provide necessary infrastructural support for the Defence Production Units . Traditionally, UP has possessed skilled workmanship in metals, besides having a vast defence manufacturing base in Kanpur with almost 6 public sector undertakings manufacturing arms and defence related wares. However, these were never leveraged on big scale by successive governments, but this Defence Corridor will definitely provide the needed impetus to the Defence Manufacturing in Uttar Pradesh & will play a significant role in industrial development of Uttar Pradesh simultaneously providing job opportunities to the potential unemployed youth workforce. The Centre had already announced to set up common facility centres in the corridor to incentivise private companies set up shop and cut their production cost.

Quality is crucial for precision products in Defence, the Micro, Small and Medium Enterprises (MSMEs) can help in producing small fabrications and various components that can be integrated.

MSMEs need to establish networking to pool their resources for manufacturing and catering orders.

IDPFC will try to form group of MSME's which may develop as aggregators, build capacity and boost the manufacturing value chain. This group would facilitate better B2B (business to business) interactions too and spur better procurement and supply management.

DEFENCE PRODUCTION AWARENESS PROGRAMME / EVENTS ORGANISED BY IIA FOR MSME'S

As per the announcement of the Hon'ble Prime Minister for establishing U.P Defence Industrial Corridor at Bundelkhand , Department of Defence Production - Ministry of Defence (MoD), Govt. of India entrusted Indian Industries Association (IIA) to organise consultative Industry Meets on "U.P Defence Corridor" at Agra, Lucknow and Kanpur for direct interaction with the MSME Entrepreneurs of Uttar Pradesh. These Industry Interactive Meets were successfully organised by IIA with the active involvement & support of Department of Industrial Development Govt. of U.P on 8th, 9th and 14th May 2018 at Agra, Lucknow & Kanpur respectively.

All the three meetings were highly successful and were attended by more than 600 delegates including more than 450 MSME Entrepreneurs.

- **Brief about Industry Interaction programme held at Lucknow on 9th of May 2018**

Venue : IIA Bhavan, Vibhuti Khand Phase-2, Gomti Nagar, Lucknow.

Date : 9th of May 2018 an

Organised by : Indian Industries Association (IIA)

Chief Guest- Mr. Subhash Ramrao Bhamre Union Minister of State for Defence, Govt of India

Dignitaries & Participants :

- Hon'ble Industry Development Minister U.P – Shree Satish Mahana,
- IIDC U.P. - Dr Anup Chandra Pandey IAS,
- Additional Chief Secretary & CEO UPEIDA - Shree Awanish Kumar Awasthi IAS,
- Secretary IID U.P. - Shree S.K. Yadav IAS,
- Special Secretary IID U.P. - Shree Ankit Kumar IAS,
- Shri Rajib Kumar Sen - Economic Advisor, Department of Defence Production-MoD,
- Lt. Gen Subrata Saha ,
- Officers from Indian Army Air Force & Navy, DRDO, HAL, OFB, BEL & BEML etc.
- MSME Unit Owners from various parts of U.P.

Proceedings:-

The dignitaries addressed the audience & elaborated the aspects & potential of

this Defence Corridor Project. Presentations were made by the Defence Production Department - MoD Govt. of India & Department of Industrial Development Uttar Pradesh to discuss the strategic action plan planned prepared by Central & State Government to accomplish this task by active involvement of the MSMEs. This session was followed by the Industry Interaction Session through which the MSME Unit Owners of U.P. directly interacted with the Experts regarding their queries related to technological, managerial, operational, supply chain management, administrative, manufacturing, research & development, subsidies & promotional activities & other issues related with the Defence Corridor Project.

- **Brief about Industry Interaction programme held at Kanpur on 14th of May 2018:-**

Venue : Panki Industrial Area Office Premises. Kanpur

Date : 14th of May 2018

Organised by : Indian Industries Association (IIA)

Chief Guest: Shri Satish Mahana, Industry Minister U.P.

Guest of Honour: Dr. Anup Chandra Pandey, IIDC U.P

Dignitaries and Participants :

- Shri Ranveer Prasaad – M.D. UPSIDC,
- Shri Ravindra Kulsheshtra - Co-ordinator of Defence Corridor ,
- Shri Vivek Raghav, DRDO,
- Shri Mayank Yadav , DRDO,
- Brigadier Sundara Itanal -DGQA,
- Shri Manoj Yadav from BHEL Defence Unit,
- Shri Kuldeep Tinku -Wing Commander & Joint Director Ammunition,
- Shri M.K. Mishra - AGM HAL Kanpur,
- Shri Suneel Kharad - G.M. BEML
- Other invited guests from Government Departments, Armed Forces, Defence PSUs , Manufacturing Industry Sector & MSMEs.

Proceedings:-

This meet was of greater significance because Kanpur is the most favoured destination for defence production in Uttar Pradesh. After the inauguration of the event the presentation were made by the Government Department & Ministries for the invited guests to make them understand the project & its relevance for the MSMEs in Uttar Pradesh. Hon'ble Minister Shri Satish Mahana emphasized on the steps taken by the state government for timely completion of the Defence Corridor Project & informed the audience about the policy measures of Uttar Pradesh Government for involvement of small MSME Units in Defence Production.

- **Brief about Industry Interaction programme held at Agra on 8th of May 2018**

Venue : Hotel Clarks Siraj ,Taj Road-Agra

Date : 8'th of May 2018

Organised by : Indian Industries Association (IIA)

Dignitaries and Participants :

- Shri Santosh Kumar Yadav, IAS Secretary, Infrastructure & Industrial Development ,Gov. of Uttar Pradesh
- Gp. Capt. Mr. C.S Chawla, DPO (ES) Department of Defence Production, Ministry of Defence, Govt. of India
- Mr. Ankit Agarwal, Sp. Secretary IID U.P.,
- Shri. Mayank Diwedi, Senior Scientist , DRDO
- Other invited guests from Government Departments, Armed Forces, Defence PSUs, Manufacturing Industry Sector & MSMEs also participated actively in this programme & made their expected contribution as well.

Proceedings:

After the welcome of the honourable guests and delegates by IIA, following presentation were made :

- Presentation on "Investment Opportunities in Defence Corridor in Uttar Pradesh" by Shri Santosh Kumar Yadav, IAS Secretary, Infrastructure & Industrial Development ,Gov. of Uttar Pradesh
- Presentation on Details of the Project from Defence by Shri. C.S Chawla-Gp.Capt., Defence
- Presentation on "Single Window Portal- Niwesh Mitra " by the representative of Udhog Bandhu.

After the presentations the Interactive Session started through which views were exchanged & the queries of MSMEs were answered by the Expert Panel.

- **Conference and Exhibition for Defence Corridor at Aligarh, U.P. on 11th of August 2018 (Supported by IIA)**

Venue : Hotel Royal Residency, Aligarh

Date : 11th of August 2018

Organised by : Department of Defence Production, Ministry of Defence, Government of India and supported by IIA

Chief Guest - Mrs. Nirmala Sitharaman - Hon'ble Defence Minister, Government of India

Presided by : Shri Yogi Adityanath Ji - Hon'ble Chief Minister of Uttar Pradesh

Other Dignitaries :

- Dr. Subhash R. Bhamre : Union Minister of State for Defence
- Shri Suresh Rana : Member of Parliament from Aligarh
- Shri Satish Mahana : Industrial Minister Govt of U.P.
- Dr. Anup Chandra Pandey : Chief Secretary U.P. Govt
- Vice Chief of Army Staff : Lt. Gen. Devraj Anbu
- Vice Chief of Airforce Staff : Air Marshal S B Deo

- Assistant Chief of Material : Rear Admiral Rajaram Swaminathan
- Shri Sunil Vaish : President, Indian Industries Association
- Dignitaries and Representatives of various Industry Associations
- Ambassadors from South Korea, France , Israel, Japan, Russia, Sweden, UK, USA.
- Industrialist from India and abroad.
- Representatives from Defence Manufacturing Units & Defence PSUs

Proceedings :

In the Inaugural Session the Defence Minister asked the entrepreneurs to come up with innovative ideas and manufacture products according to the need of the defence forces and assured that Army will directly purchase these products from them after the testing of these products by the trial and testing agencies of Defence. She also said that there is an urgent need to strengthen the training and investment to make “UP Defence Production Corridor” a success and asked the industries to aim for exporting to overseas customers also rather than fulfilling the defence needs of Indian Armed Forces only. Hon’ble CM Yogi Jee told that 236 hectares of land has been acquired in Aligarh for the Corridor also made a request to the Defence Minister to organise the Aero India Show of this year in Uttar Pradesh and he also assured her that UP is fully prepared and well-equipped to host this show and expected that this show would be very helpful in the preparation being made for the establishment of the “UP Defence Industrial Corridor”. The Investment Proposals of around 3,750 Crore have been received through this meet and some of the major investment proposals are as follows :

- Hindustan Aeronautics Ltd. (HAL) - 1200 Crore
- Ordnance Factory Board (OFB) – 1077 Crore
- Military & Armed Forces Equipment Manufacturer (MKU) - 900 Crore
- Bharat Electronics Ltd. (BEL) - 240 Crore
- Bharat Forge - 200 Crore
- PTC - 115 Crore

In the Second Session of the event the Defence Officials of Indian Armed Forces and Ambassadors from abroad had an open discussion with the industrialist about the procurement needs of the defence forces and the products which are of great demand in defence sector keeping the modern scenario and the globalised defence market conditions in mind.

In the Third Session the Dignitaries and Representatives from Defence PSUs interacted with the members of industry associations, defence manufacturers, suppliers & service providers. Lots of issues and problems were discussed and it was proclaimed to provide timely solution to all the problems that are coming to their way of defence manufacturing and supply. The Defence Exhibition was the centre of attraction among the visitors during this Defence Programme. The objective of this exhibition was to facilitate the interaction between industrialists and defence forces and promote exchange of expertise, technology and promote investment so that indigenous products can be manufactured in a

more cost effective manner and India may become self-reliant in Defence Sector.

Some of the prominent exhibits were as follows:

- T-90 Tanks Made in Russia
- Guided Missile Weapons
- Green Toilets
- MI-17 Helicopters
- Zaguar, Sukhoi and Dornier-228 Aircraft
- Radars made of the components imported from Israel & UK
- Bio-digester green toilet manufactured by DRDO Gwalior

The industrialist of Aligarh Region were very enthusiastic and hopeful that this “UP Defence Production Corridor” would certainly provide a boost to the hardware industries of Aligarh and they were assured that the Government is fully committed to provide them better infrastructure, support and assistance to make them contribute to this project with the desired thrust.

- **Brief about U.P Defence Expo organized by IIA & UPEIDA from 14th to 16th Nov. 2018 at Kanpur**

In order to speed up the activities in Uttar Pradesh Defense Corridor “Uttar Pradesh Defence Expo-2018 (UPDEX-18)” was organized by Indian Industries Association (IIA) and UP Expressway Industrial Development Authority (UPEIDA) with the support of Government of Uttar Pradesh from 14th Nov to 16th Nov 2018 at Chander Shekhar Azad University Campus, Kanpur. Theme of the Expo was “U.P The Emerging Defence Manufacturing Hub in India”.

85 Defence Establishments in India including DPSU's, OFB, DRDO and Private Sector participated in this expo as an Exhibitor. More than 5500 visitors visited the exhibition. 148 Exhibition Stalls were put up in UPDEX-2018 exhibition. The list of exhibitors is available at: <http://updex.in/wp-content/uploads/2018/11/LIST-OF-EXHIBITORS-FOR-WEBSITE.xlsx.pdf>

Concurrent Seminars and Roundtable discussions were organized on 14th & 15th Nov 2018. Seminars were based on the issues related to State and Central Government's defence production policies, indigenization of Defense Supply, Vender Registration, Purchase preference for MSME in Defence Sector, Innovation for Defence Excellence; Defence Export Opportunities etc. 340 Delegates registered themselves for the Seminars and Roundtable Discussions online on UPDEX-2018 website.

DEFENCE ORGANISATIONS PROCUREMENT PROCEEDURE / NEEDS- A BRIEF FOR THE REFERENCE OF MSME'S

Public Sector Undertakings (PSUs)

- HAL (Hindustan Aeronautics Limited)

For the Purchase Manual & Vendor Registration Details of HAL, click on the below given link : hal-india.co.in/SUPPLIERS/M__57 For Make in India related any detail click on the below given link : http://hal-india.co.in/Make%20in%20India/M__341 For any further detail visit the official website of HAL : <http://hal-india.co.in/>

- BEL (Bharat Electronics Limited)

For Purchase Procedure of BEL click on the below given link : <http://bel-india.in/ContentPage.aspx?Mid=28&CId=385&LId=1&link=385> For Vendor Registration, click on the below given link : <http://bel-india.in/ContentPage.aspx?Mid=28&CId=383&LId=1&link=383> For MSMEs Initiatives of BEL, click on the below given link : <http://bel-india.in/ContentPage.aspx?Mid=26&CId=1411&LId=1&link=1411> For any further detail, visit the official website of BEL : <http://bel-india.in/>

- BDL (Bharat Dynamics Limited)

For Make in India related details of BDL, click on the below given link : <http://www.bdl-india.in/?q=make-in-india> For Tenders & Vendor related details, click on the below given link : <http://www.bdl-india.in/?q=tendersnew> For any further detail, visit the official website of BEL : <http://www.bdl-india.in/>

- BEML (formerly Bharat Earth Movers Limited)

For Make in India related details of BEML, click on the below given link : <https://www.bemlindia.in/Initiatives.aspx> For Vendor Registration Details, click on the below given link : <https://www.bemlindia.in/writereaddata/Downloads/20170723172605Vendor-Reg-Procedure.pdf> For any further detail, visit the official website of BEML <https://www.bemlindia.in/>

- MIDHANI (Mishra Dhatu Nigam Limited)

For Vendor Registration click on the below given link : <http://midhani-india.in/onlinevendreg.jsp> For MIDHANI's Procurement from MSME's, click on the below given link : <http://midhani-india.in/msmenodalofficer.jsp> For any further detail visit the official website of MIDHANI : <http://midhani-india.in/>

- MDL (Mazagaon Dock Shipbuilders Ltd.)

For MSME Vendor Registration, click on the below given link : <http://mazagondock.in/Registration-of-MSME-Vendors-with-MDL.aspx> For Advertisement for Vendor Registration with MDL, click on the below given link: <http://mazagondock.in/Advertisement-for-Vendor-Registration-with-MDL.aspx> For Procurement Plan of MDL for 2018-19, click on the below given link : <http://mazagondock.in/images/pdf/Projected-list-for-Annual-Procurement-MSE-2018-19.pdf> For any further detail visit the official website of MDL : <http://mazagondock.in/>

- GRSE (Garden Reach Shipbuilders & Engineers Ltd.)

For Vendor Development Policy, Registration & other related details, click on the below given link : <http://www.grse.in/vendorhome.php> For MSME Policy of

GRSE, click on the below given link
: http://www.grse.in/page_policy.php?page_id=95 For any further detail visit the official website of GRSE : <http://www.grse.in/>

- GSL (Goa Shipyard Ltd.)

For Procurement Manual of GSL, click on the below given link
: <http://goashipyard.in/file/2017/12/GSL-Procurement-Manual.pdf> For Vendor Registration Policy of GSL & Vendor Registration Details, click on the below given link : <http://goashipyard.in/vendor/vendor-registration-policy/> For any further detail visit the official website of GSL : <http://goashipyard.in/>

- HSL (Hindustan Shipyard Ltd.)

For MSME related information of HSL, click on the below given link
: https://www.hslvizag.in/content/207_1_MSME.aspx For e-Procurement System details of HSL, click on the below given link
: <http://www.eprocurehsl.gov.in/nicgep/app> For online Vendor Registration, click on the below given link
: https://www.hslvizag.in/content/47_1_OnlineRegistration.aspx For any further detail visit the official website of HSL : <https://www.hslvizag.in/>

Government Bodies (Defence Ministry and DRDO)

- Ministry of Defence, Government of India

For Defence Procurement Manuals , click on the below given link
: <https://mod.gov.in/defence-procurement-manual> For Defence Procurement Procedures , click on the below given link : <https://mod.gov.in/defence-procurement-procedure> For Defence Production Policy, click on the below given link : <https://mod.gov.in/defence-production-policy> For any other query related with Defence Production, visit the official website of Defence Production Department by clicking on the below given link: <https://ddpmod.gov.in/> For any other information related with the Ministry of Defence, Govt. of India, visit the official website of Defence Ministry by clicking on the below given link : <https://mod.gov.in/>

- DRDO

For Procurement Manual of DRDO, click on the below given link
: <https://www.drdo.gov.in/drdo/English/procurement-manual-2016.pdf> For online Vendor Registration, click on the below given link
: https://www.drdo.gov.in/drdo/English/index.jsp?pg=registration_of_firms.jsp For any further detail, visit the official website of DRDO : <https://www.drdo.gov.in>

INDIGENISATION / IMPORT SUBSTITUTIONS OF DEFENCE REQUIREMENTS IN INDIA

IDPFC have started preparing data on the following :-

- List of Import Substituents for Indigenisation from Defence Organisations of India
- Chief Indigenisation Officers of Defence Organisations of India

This data will be shared with MSME's through programmes as well as individually.

RECOMMENDATIONS OF IIA FOR SPEEDY DEVELOPMENT OF DEFENCE CORRIDOR IN UTTAR PRADESH AND INVOLVEMENT OF MSME'S

1. MSME Entrepreneurs need effective handholding starting from awareness on opportunities available, defence indigenization programme, preparing viable project reports, technology transfer , setting up defence production units, marketing support including exports.

As such UPEIDA, Department of Industrial Development U.P, DDP MOD and IIA (the biggest MSME Association in U.P) may jointly set up this facilitation center preferably in the industry association premises involving full time experts to help MSME's.

2. Common Facility Centers are to be set up at each of 6 Defence Corridor nodes in U.P for providing Quality / Testing, Design and Training facilities to MSME's related to the products to be manufactured in the defence corridor.
3. A high level Task Force for promoting MSME's in UP Defence Corridor and monitoring the progress may be set up involving all stake holders . This Task Force may meet at least once in three months. The secretariat of this Task Force may be situated in the Facilitation center stated at 1 above.

CONTACT FOR IIA DEFENCE PRODUCTION FACILITATION CENTER (IDPFC)

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UP DEFENCE CORRIDOR ROLE AND PREPAREDNESS OF MSME'S

By- Sunil Vaish, President IIA

DEFENCE PRODUCTION IN INDIA – AN OVERVIEW

- India is the world's largest military hardware importer and among top five military spenders.
- To meet growing modernization needs of Indian Armed Forces, the Ministry of Defence will need to acquire equipment worth over \$25,000 Crores by 2027.



DEFENCE PRODUCTION IN INDIA – AN OVERVIEW

- Estimate shows that the current delivery capacity of the Defence industry sector in India is \$7,500-8,000 Crores annually.
- This means the ratio of indigenous to imported equipment is stagnating at 30:70.



DEFENCE PRODUCTION IN INDIA – AN OVERVIEW

- Through the renewed efforts of Govt of India and State Governments , We can reverse the flow of trade: from being the largest importer of defence items to become the largest exporter of defence goods



MSME & DEFENCE PRODUCTION

- Defence production is a high tech and precision manufacturing activity.
- Stringent quality standards are required to be maintained.
- MSME's generally are not equipped to produce such products without handholding services from Industry Associations and the Government.



MSME

Micro Small & Medium Enterprises

IIA's INITIATIVES TO SUPPORT MSME'S FOR SETTING UP DEFENCE PRODUCTION UNITS

- **“IIA Defence Production Facilitation Centre” (IDPFC)** is being set up at its Head-Office at IIA Bhavan in Vibhuti Khand, Gomti Nagar, Lucknow.

- **IDPFC to provide services to MSME's as under:**
 - Organise Defence-Industry meets, seminars and conferences.
 - Provide information and data related to Defence Manufacturing.
 - Provide handholding support for setting up Defence production Unit and vendor registration.
 - Act as a link between MSME, Defence Organisations /DPSU's, UPEIDA and Industrial Development Department U.P.

IIA's INITIATIVES TO SUPPORT MSME'S FOR SETTING UP DEFENCE PRODUCTION UNITS

□ IDPFC to provide services to MSME's as under:

- Provide support for availing incentives and subsidies announced by the Central and State Governments.
- Help in resolving issues & problems.
- Provide feedback on policy issues to the Government .
- Organise defence exhibitions.
- To constitute an “IIA Defence Production Committee”
- Maintain a directory of Defence Production Industries.

DEFENCE PRODUCTION AWARENESS PROGRAMME / EVENTS ORGANISED BY IIA FOR MSME'S

8th of May
2018

Interaction programme held at Agra

9th of May
2018

Interaction programme held at Lucknow

14th of May
2018

Interaction programme held at Kanpur



DEFENCE PRODUCTION AWARENESS PROGRAMME / EVENTS ORGANISED BY IIA FOR MSME'S

11th August
2018

Conference and Exhibition on Defence
Corridor at Aligarh, U.P (supported by IIA)

14th to 16th
Nov 2018

U.P Defence Expo organized by IIA &
UPEIDA at Kanpur

**More than 2000 MSME's attended these
programmes / Events**



**DEFENCE
ORGANISATIONS
PROCURING
DEFENCE
PRODUCTS
/SERVICES
FROM MSME's**

**Public Sector Undertakings
(PSUs)**

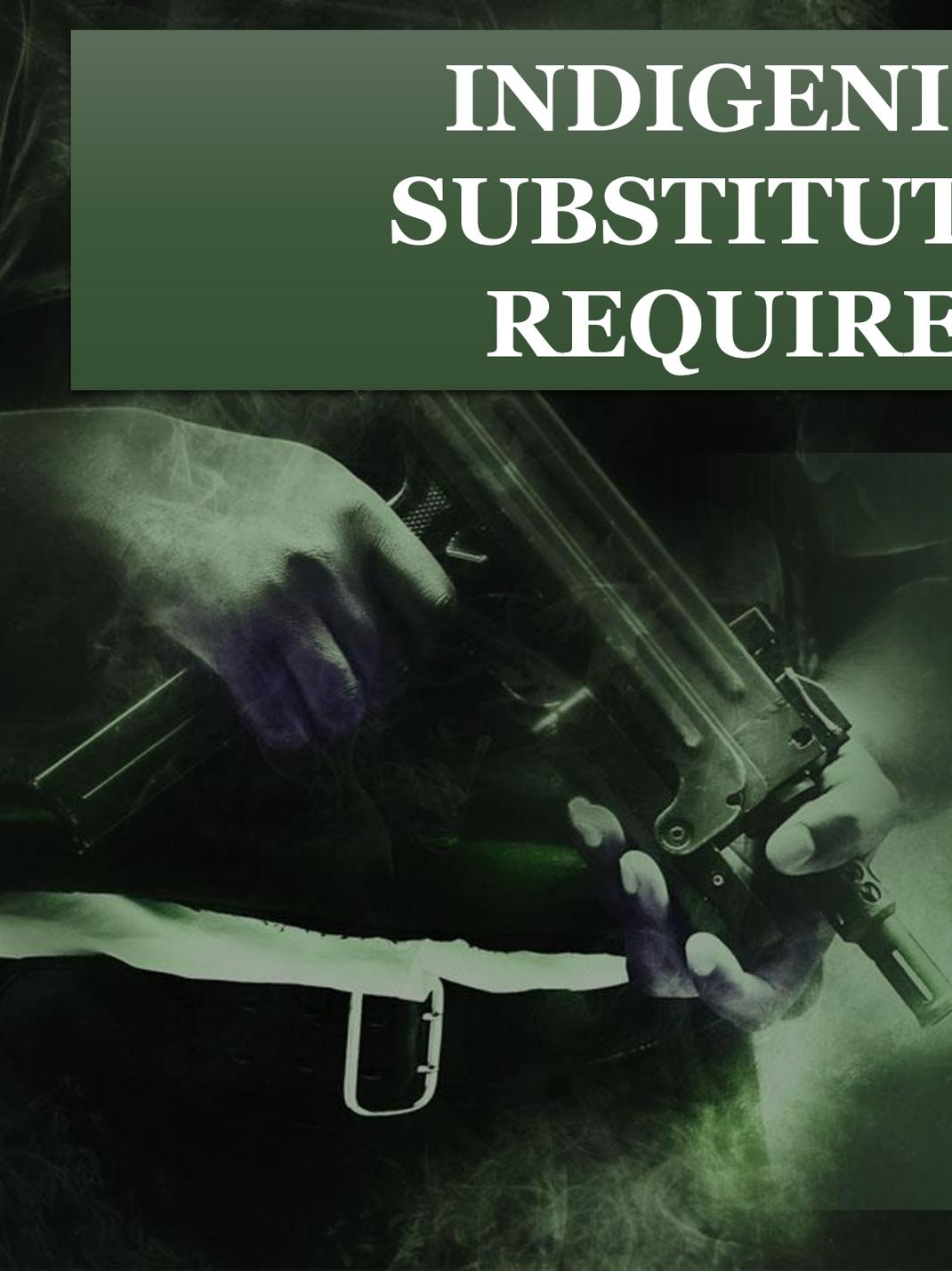
- HAL (Hindustan Aeronautics Limited)
- BEL (Bharat Electronics Limited)
- BDL (Bharat Dynamics Limited)
- BEML (formerly Bharat Earth Movers Limited)
- MIDHANI (Mishra Dhatu Nigam Limited)
- MDL (Mazagaon Dock Shipbuilders Ltd.)
- GRSE (Garden Reach Shipbuilders & Engineers Ltd.)
- GSL (Goa Shipyard Ltd.)
- HSL (Hindustan Shipyard Ltd.)

**DEFENCE
ORGANISATIONS
PROCURING
DEFENCE
PRODUCTS
/SERVICES
FROM MSME's**

**Government Bodies
(Defence Ministry
and DRDO)**

- Ministry of Defence,
Govt. of India
- DRDO

INDIGENISATION / IMPORT SUBSTITUTIONS OF DEFENCE REQUIREMENTS IN INDIA



IDPFC have started preparing data on the following :-

- List of Import substitutes for Indigenization for Defence Organization of India.
- Chief Indigenization Officers of Defence Organization of India

This data will be shared with MSME's.

RECOMMENDATIONS OF IIA



MSME Entrepreneurs need effective handholding. As such UPEIDA, Department of Industrial Development U.P, DDP MOD and IIA (the biggest MSME Association in U.P) may jointly set up this facilitation center preferably in the industry association premises involving full time experts to help MSME's.

Common Facility Centers are to be set up at each of 6 Defence Corridor nodes in U.P for providing Quality / Testing, Design and Training facilities to MSME's.

A high level Task Force for promoting MSME's in UP Defence Corridor and monitoring the progress may be set up.

The background features a dark green silhouette of a military landscape. At the top, there are silhouettes of a helicopter on the left and a jet fighter on the right. Below them, two soldiers are shown in a combat stance, one kneeling and one standing with a rifle. The central text is overlaid on this scene. At the bottom, there are silhouettes of several soldiers in various positions, some with rifles, and a large tank on the right side. The background also includes stylized clouds and mountains.

CONTACT FOR

**IIA DEFENCE PRODUCTION
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Thank You

Minutes of Review Meeting on Development of UP Defense Corridor chaired by CEO, UPEIDA
held on 17th April 2019

Key Attendees:

1. Dr. Md Nazmuddin, Economic Advisor and Jt. Secy (DoMW)
2. Prof. Manindra Agrawal, Dy. Director IIT Kanpur
3. Dr. A.K. Ghosh, Prof. & HoD IIT Kanpur
4. Dr. Rajiv Prakash, Dean (R&D) IIT BHU
5. Mr. Radhakrishnan, Scientist H & Director DRDO (Retd) and Tank Specialist.
6. Dr. K. Tamilmani, DS & Director General DRDO (Retd)
7. Sh. Manish Bhardwaj, Director DRDO
8. Sh. S.K. Jha, Ex. MD, HAL
9. Sh. Anuj Sharma, an expert of operations and project management
10. Sh Shrish Chandra Verma, Addl. CEO, UPEIDA
11. Sh Ravindra Godbole, Sr. Advisor UPEIDA
12. Sh Bishwajit Rai, Financial Controller UPEIDA
13. Chief Technical Advisor, UPIEDA
14. Chief Engineer, UPIEDA
15. Sh. JP Singh, Advisor (Land)
16. Sh OP Pathak, OSD (Land)
17. Sh Sanjay Chawla, Deputy Collector
18. Sh KK Singh Bisen, OSD, UPEIDA
19. Sh BB singh, Advisor, UPEIDA
20. Representatives of Consultants EY, Ecorys and Feedback Infra
21. Representatives of IIM Lucknow
22. Other Participants: List is attached as Annexure to this Note

Minutes of Meeting

Review meeting of Tamil Nadu & UP Defence Corridor was convened on 11-03-2018 in Ministry of Defence New Delhi under the chairmanship of Addl. Secretary DDP, MoD. In this meeting it was decided that the review meeting of individual corridor be held by concerning states at their level by involving the academia, concerning officials and stakeholders / industrialist willing to go ahead with the defence corridors. Accordingly it was decided to have a review of progress of UP defence Corridor on 17-04-2019.

About 50 representatives from across the sectors attended the above meeting which included the stakeholders, central and state government officials, academic institutions, industrial associations, national and international private industries, start-ups, MSMEs, research institutions etc. Some of the important key stakeholders are MoD, UPEIDA, DRDO, HAL, BEL, OFB, Hanwa Defence, DYMSTEC, Adani Defence Aerospace, Tata Aerospace & Defence, IIA, Bharat Forge Ltd., DMICDC, IIT Kanpur, IIT BHU in addition to above attendees.

The events of the meeting are as under :-

Vision Statement by CEO, UPEIDA

CEO, UPEIDA started with the introduction of structure with UPEIDA and the achievement made so far. The major achievement is Agra – Lucknow Expressway which is running successfully and generating a revenue of about Rs. 250.00 Crore a year. UPEIDA is also developing Purvanchal Expressway, Bundelkhand Expressway and Defence Corridor. The construction of Purvanchal Expressway is running on full pace and have achieved more than 10% progress in 4 months. It is likely to be completed in 24 months. The required land for Bundelkhand Expressways is around 3300 Ha. out of which about 2100 Ha. land have already been procured. The RFP for construction of Bundelkhand Expressway will be invited by June – July 2019. CEO informed that this expressway will facilitate connectivity to Delhi in less than 5 hrs. In Defence Corridor six nodes have been identified i.e. Aligarh, Agra, Jhansi, Chitrakoot, Kanpur and Lucknow. About 600 ha. of land in Jhansi and about 50-60 ha. land in Chitrakoot has already been procured and the process is going on. The land in Aligarh, is at a distance of about 40-45 Km from proposed Jewar Airport and about 20 K.M. from Yamuna Expressway. The land is under transfer from UP agriculture department. The land in Agra is of UPSIDC and subject to suitability to defence industrialists it can be got transferred on fast pace. Therefore

UPEIDA is having sufficient land for big Defence projects involving vast land for testing range and other activities. CEO expressed that UP has investor friendly environment conducive to ease of doing business. Though all the license for defence manufacturing is issued by Govt. of India, however UPEIDA will provide land, NoCs and facilitate other state level clearances. The proposals will be forwarded to Central Govt. by the GoUP.

CEO also informed that two Centres of Excellence i.e; IIT Kanpur and IIT BHU have been established and they have been given funds to go ahead. CEO requested the participants to avail technical know-how & R&D inputs from these Centres.

- 2- UPEIDA Defence Corridor consultant presented the overview of UP Defence Corridor and the activities being undertaken. Consultant gave a brief on identified nodes, status of land area, land procurement, proposed defence initiatives, draft perspective plans of nodes etc. Consultant also provides an overview of incentives by the state under UP Defence & Aerospace Policy.
 - a. Comments from the participants: The proposed defence initiatives on the nodes may be aligned with the vision of central government. The fiscal incentive w.r.t. transport and R&D provided under policy seem less as it is capped at INR 2 crores as the cost of defence production like equipment, testing range etc. is very high.
- 3- Col. K V Kuber from EY informed the participants about meeting held with Chief Secretary on Defence Corridor. He stated that Chief Secretary has ensured that the GoUP is committed to develop Defence Corridor and will provide every support to the potential investors for setting up their units in UP. He welcomed all the participants and set the context for rest of the session.
- 4- Ex-DRDO Scientist, Dr. Radhakrishnan along with Lt Col Anuj Sharma, (an expert of operations and project management) made a presentation on MRO (Land & Aerospace). He provided an overview of MRO opportunities available with land systems, role of private sector, impediments in becoming MRO hub etc. He emphasized the need of setting up dedicated defence industrial areas with mix of public and private units, so that private sector can use common facilities like testing range and reduce burden of heavy investment required for such facilities. He highlighted that MRO industry has huge potential and can create large employment. Highly skilled workforce is a major requirement for MRO industry.
 - a. Comments from participants: As defence production is highly capital intensive sector, investments from government in developing infrastructure is essential. Facilities like land availability, logistics infrastructure for export, testing range, airstrip etc. can be developed by state government for use by private production units. Representative from BEL informed that they will be developing 12 MROs in India including one in Agra. It was also proposed that promotional incentives should also be provided to private industries as setting up of MRO requires sizeable investment. CEO clarified that proposals /suggestions from interested parties are welcome.
- 5- Ex-DRDO Scientist Dr. K Tamilmani made a presentation on role of MSME in Defence production and suggested that :-
 - a. Post independence, due to weak industrial base in private sector, the Govt was compelled start many PSUs and OFPs for defense production.
 - b. Secrecy clause existed then was also another reason for not involving private sector in defence activities.
 - c. Over decades, the infrastructure in private grew significantly.
 - d. Licence production approach was adopted then for major products like MiG 21 aircraft , T90 tanks, etc
 - e. Considerable learning was the benefit in such an effort.
 - f. That knowledge was gainfully used for many indigenous designs such as LCA, MBT, etc.
 - g. Still India had to import considerable amount of weapons, aircraft, helicopters, tanks, ships and submarines.
 - h. Our Govt recognized the potential of private sector to partner in Defence production, thereby Make India concept was born.
 - i. Govt decided to push forward the defence production through defence corridor.
 - j. Defence production infrastructure investment is high. Such production demands high precision.
 - k. It is better to start production in MSMEs in "Build to print" approach.

- l. Partnering with PSUs in design will give better opportunity for MSMEs team to learn the defence technologies faster.
 - m. GOI need to create common facilities such as high end computing, prototype test facilities, etc. These facilities can be operated under "Go -Co" model.
 - n. CEMILAC, DGAQA & DGQA have to evolve new approaches to design and quality assurance clearances.
 - o. Govt need to bring out a directory technical experts in the area of defence. This will become reference document to MSMEs for consultations.
 - p. Govt should help the MSMEs to explore export market for niche products.
 - q. Basic research efforts in the area of cyber security, nano materials, health monitoring, etc are essential. Govvt should provide technology development funds to institutions like IIT, Kanpur which will act as a nodal centre to exploit R&D potential of private sector.
 - r. Govt should consider tax holidays for start ups in defence activities.
 - s. UP Govt need to act as bridge between central Govt and MSMEs
 - t. There is major potential for UP based MSMEs to produce various textiles and parachutes for defence use. more than Rs 1500 Crs business per annum is assured.
- a. **Comments from participants:** Representative from Saab AB shared that they are looking for good core infrastructure, ICT infrastructure, qualified manpower etc. as the basis for investment in A&D sector. Representative from Tata A&D share that availability of runway, unrestricted air space, close vicinity to defence air base are some of the basis for making investment. CEO clarified that large infrastructure can be built some where aaround Agra which is nearer to Delhi as well as Bundelkhand. However the land for runway and air field can be given at the choice of the industrialist. CEO also commented that UPEIDA has the experience of the construction of Air strip of 3300 mt. on Agra-Lucknow Expressway which has been tested also by Airforce by operating Mirage, Sukhoi and Cargo Plane. Therefore this issue can be dealt with.
- 6- **Sh. S.K. Jha Ex. Managing Director HAL** Presented the suggestion for growth of Defence Industries in U.P. Defence Corridors :-

A. Possibility of mega defence projects in UP

UP Govt. is offering a number of incentives for setting up defence industries in the state which is indeed a welcomed step. However, in order to shift centre of gravity of defence industries to UP, certain mega projects need to come to UP. Some of the low hanging mega projects which already have links with UP are indicated below:

a) Avro Replacement Project

Avro (HS 748) aircraft was manufactured by HAL, Kanpur from early 1960s to mid-1980s and currently it is being overhauled by HAL, Kanpur. As the aircraft was getting aged, the replacement of this aircraft was envisaged. The project cost is of the order of Rs 12,500 Crs+ for manufacture of 56 aircraft which is likely to be tripled by adding replacement requirement of AN-32 also thereby producing around 170 nos instead of 56 nos. Although, HAL Kanpur was ready to undertake this project, Govt of India decided explore private sector so that alternative aircraft manufacturing capability can be developed in India. Accordingly, TATAs were selected and contract for manufacture of C-295 aircraft (under license from Airbus) is likely to be placed shortly after elections. It is high time that TATAs are persuaded to undertake manufacture of this aircraft in UP. They will need an aircraft runway and land of around 25 acres by the side of runway. UP has a number of defence and civil airports besides a large number of underserved and unserved runways. Hence, finding a runway with adjoining land bank is not a big issue. Skilled manpower for manufacture of transport aircraft is available in UP in terms of young apprentice trained at HAL Kanpur (only transport aircraft factory in India) under apprenticeship programme besides retired employees. This project is all the more important since this transport aircraft manufacturing project is likely to go out of UP as hitherto HAL Kanpur is the only facility in India where Transport aircraft is being manufactured since 1960s(Avro & Dornier) and original Avro aircraft (whose replacement is proposed) was manufactured in UP. In normal course this project should be remain in UP as HAL Kanpur was very much willing to undertake this project. Keeping in view huge business opportunities, there are some other major business houses vying to enter transport aircraft manufacturing business.

b) Multi Role Transport Aircraft Project

This is a 20 Ton transport (IL-214 of Russian origin). As per agreement between Govt. of India and Govt of Russia, this aircraft was to be produced at HAL, Kanpur. This was a joint production project for domestic as well as export. The project cost is of the order of Rs 30,000 Crs+. The project has recently been put on hold due some technical issues. Both these projects have huge potential as they will induce backward & forward value chain.

B. Purchase preference to MSME

There is already a purchase preference policy of Govt of India for MSMEs wherein if their prices are upto 20% high compared to L1, they are given an opportunity to match their price to L1. However, this policy does not take into account backwardness of the region where MSME is located. As a result of this, the benefit is grabbed by most of defence related MSME located in south India. It is suggested that out of 20%, 10% may be attributed to backwardness of region/defence corridor in UP which will provide impetus to defence related MSMEs to shift their base to UP besides helping already existing MSMEs in UP. It may please be noted that defence MSMEs play a critical role both in terms of technology as well volume of business /employment generation for domestic supply and export.

C. Technology & product development

As came out during presentation and your interaction, UPEIDA is playing a commendable role in funding IIT, Kanpur & IIT-BHU for incubation of technology & product development which will go a long way in development of defence industry in UP. In this connection, it may please be noted that organisations like DRDO, ISRO etc have huge budgets in thousands of crores for such development work in the area of aerospace & defence. However, most of these development projects are cornered by companies (mostly MSMEs) located in south India. It is suggested that policy can be tweaked a bit to give mandate to these Govt organizations to award development work to companies located in UP defence corridor considering backwardness of the region. Such a policy will lead to huge development of defence manufacturing and R& D base in UP. He also advised that above initiatives coupled with huge incentives/Subsidies already announced by UP Govt will not only generate huge employment opportunity but more importantly create sustainable defence ecosystem in the state which can be leveraged by for industrial development in general.

Comments from participants: CEO, UPEIDA agreed in principle to examine these suggestions and assured that for speedy development of U.P. Defence Corridor it will be implemented on the merits.

- 7- Economic Advisor and Jt. Secy (DoMW) Dr. Md Nazmuddin shared the perspective of Central Government on Defence Corridors. He shared his views on initiatives of Gol like Make in India, Invest India, development of industrial corridors etc. He highlighted that Gol is taking measures for opening up of private investment in defence including liberalizing of FDI, development of two defence corridors, bring out industry friendly Defence Production Policy. He shared some successful examples of Defence offsets in India.
- a. **Comments from participants:** A official from UPEIDA may be nominated for cordination with Department of Defence Production (MOD) for better alignment of state and central government initiatives.
- 8- IIT BHU presented the major areas in which they are doing works through Centre of Excellence and also informed that for technical know how sharing they have gone for collaboration with many industries and identified start-ups also. They also informed that their first meeting of advisory committee having members from OFB, DRDO and industries to connect with the problems related to defence sector is scheduled for first week of May 2019 for having suggestions for execution of the projects.
- 9- IIT Kanpur presented the areas focused for applications of technical advancement from CoE for ballistic protection, composites (Motor helmets and Boat hulls), twines and nets, heavy duty ropes and sales.

They gave their product plan for 2019-20 which include Malware Analysis Tool, Cyber Surveillance System, Secure Patch Management, High Power Amplifiers, UAV Communication System, High Performance Fibres and Wound Bandage. They also informed the name of about six number industry partners who have given their commitment to work with IIT Kanpur for co-development of some of the above products. They also gave their commitments by offering intellectual capital, research infrastructure and facilities to industrial partners for which they are having sufficient space.

- 10- President IIA Sunil Vaish made a presentation on MSMEs in UP Corridor. He shared existing capabilities, and major pain areas of MSMEs. He also shared his views on kind of support required from the state government for MSMEs in A&D sector. He expressed his willingness to prepare a directory for potential export of defence products as suggested by Dr. K. Tamilmani.
- 11- Mr. Manish Bhardwaj, Director DRDO, emphasized for skill development of required man power for Defence Corridors in consultation of IIT Kanpur, IIT BHU and Department of Technical education, UP for which he suggested for starting a certificate course of 1-2 months for diploma / ITI personal so as to make them technically capable for defence production's works.

He suggested for setting up defence technology innovation / incubation centre in each node subject to the requirements / priorities of the Industries in consultation with DRDO.

He assured to provide technical consultancy and hand holding for establishing defence industries in the corridor.

He also suggested for setting up the defence equipment testing and evaluation centre in each node subject to their requirements DRDO also suggested that 1-2 days training program can be kept at the district headquarters of each node for educating the MSME entrepreneurs for making them capable for producing defence requirements. In this training program representatives from DDP (MoD), NSIC, UPEIDA, DRDO, IITs, IIA and other industries associations can be requested for providing adequate support / Knowledge.

- 12- CEO, UPEIDA opened the house for second session of meeting, inviting more suggestions and comments from the participants. Following are the key suggestions:

Meeting between academia and industry be organized for better exchange of knowledge and requirements. CEO UPEIDA suggested IIT Kanpur and IIT BHU to prepare an agenda of such meeting and ensure support from UPEIDA for its facilitation.

- 13- Addl. CEO UPEIDA thanks all the participants of meeting for attending and sharing of knowledge and ideas during both the sessions. He concluded the meeting with vote of thanks.

